DWD Issuance 03-2010

Issued: August 17, 2010
Effective: August 17, 2010

Subject: **Workforce Investment Act De-obligation/Re-obligation Policy**

1. Purpose: To provide policy on Workforce Investment Act De-obligation/Re-obligation for Local Areas.

   The Workforce Investment Act provides for de-obligation of funds from local Workforce Investment Areas based upon failure to meet minimum obligation requirements specified in the Act and regulations.

2. Substance: Each Local Workforce Investment Board (LWIB) for their Title I Adult, Youth, and Dislocated Worker formula funds must expend all funds from any prior year and, obligate at least 80 percent of their current year allocation by June 30 of each year. Allocation refers to the Local Workforce Investment Area's original formula allocation, adjusted as appropriate by transfers between programs that have been approved in the local Workforce Investment Area Plan.

   Local Workforce Investment Boards (LWIB) that fail to meet the minimum obligation levels may have the remaining funds, below the minimum obligation level, de-obligated. LWIB's that meet or exceed both their performance numbers and minimum obligation levels in the prior year will be eligible to receive a portion of these funds. The performance evaluation, for the purposes of re-obligation of these funds only, shall be based on the fourth quarter performance data, so that the funds are available in a timely manner. (The annual performance for all other purposes, including the sanction policy, shall continue to be based on the final data included in the annual report.)

   The de-obligated funds must be redistributed to other LWIB's based on these two scenarios: (1) if the total amount de-obligated is more than $200,000 per program, the state would reallocate by a formula based on prior year expenditures; and (2) if the amount de-obligated is less than $200,000 per program, the state would have the discretion to make awards to the highest performing areas. This would prevent the policy from forcing the state to make insignificant awards that do not justify the additional work required to accept the funds.

A maximum re-obligation of 30 percent of a LWIB's current year allocation will be applied to ensure that areas receiving additional funds can be expected to expend them during that year. All the local formula allocated funds must be allocated to some WIB therefore, if the maximum 30 percent re-obligation would cause any funds to remain unobligated, then the amount to be de-obligated will be reduced proportionally until it equals the amount to be re-obligated.

3. Action: This issuance is effective August 17, 2010 and should be distributed to appropriate staff.

4. Contact: If you have questions, contact Tracey Brown, Financial Manager, at (573) 526-8222, or Tracey.Brown@ded.mo.gov.

5. Rescissions: This policy issuance rescinds DWD Issuance 11-2009.

6. Attachments: None

Julie Gibson, Director